

Message Text

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54

ACTION EUR-25

INFO OCT-01 ISO-00 DOTE-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 SCI-06

DRC-01 /117 W

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R 271140Z FEB 74

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5835

INFO AMEMBASSY BONN

AMEMBASSY MOSCOW

AMEMBASSY BUDAPEST

USMISSION BERLIN

UNCLAS PRAGUE 0399

E.O. 11652: N/A

TAGS: BEXP, EIND, ETRD, CZ, GE, US

SUBJ: CZECHOSLOVAK AUTOMOTIVE INDUSTRY

REF: PRAGUE 0126 AND 0132 (NOTAL)

1. EMBASSY OFFICER CALLED FEBRUARY 26 ON OFFICIALS OF CZECHOSLOVAK AUTOMOTIVE TRUST (CAZ) TO DISCUSS COMMERCIAL POSSIBILITIES FOR U.S. FIRMS IN FUTURE EXPANSION OF CZECHOSLOVAK AUTOMOTIVE INDUSTRY.

2. OFFICIALS BELIEVED THERE WAS NO LONGER POSSIBILITY OF ANY CO-PRODUCTION ARRANGEMENT WITH WESTERN FIRMS IN PRODUCTION OF CZECHOSLOVAK PASSENGER CARS. PROJECT FOR COOPERATION WITH EAST GERMANS AND TO LESSER EXTEND HUNGARIANS, WAS BEING REVIVED, AND CZECHOSLOVAKIA PLANNED TO PRODUCE ALL ITS OWN ACCESSORIES. IT WAS PRESENTLY CONTEMPLATED THAT WHEN CZECHOSLOVAK CAR INDUSTRY REACHED PLANNED TARGET OF 300,000 UNITS ANNUALLY BY END OF THIS DECADE, EAST GERMANS WOULD BE SUPPLYING TRANSMISSIONS AND IN TURN CZECHOSLOVAKIA WOULD BE FURNISHING 4-CYCLE ENGINES TO GDR. THERE WOULD NOT, HOWEVER, BE A JOINT GDR/CZECHOSLOVAK/

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HUNGARIAN CAR, AS PREVIOUSLY PLANNED. INSIDE CZECHOSLOVAKIA, SKODA MLADA BOLESLAV WORKS WOULD PRODUCE ALL 300,000 ENGINES

FOR DOMESTIC PRODUCTION PLUS ALL BODIES FOR THE 200,000 CARS TO BE ASSEMBLED AT MLADA BOLESLAV. BRATISLAVA WORKS WOULD PRODUCE 100,000 BODIES AND ASSEMBLE THAT NUMBER OF CARS. TAZ TRNAVA PLANT WOULD PRODUCE AXLES, CZM STRAKONICE WOULD PRODUCE CRANK-SHAFTS AND CYLINDER HEADS, AND AT LEAST SOME INSTRUMENTS WOULD COME FROM HUNGARY. OFFICIALS ADMITTED THAT FINAL AGREEMENT HAD NOT BEEN REACHED WITH EAST GERMANS WHO PREFERRED SMALLER (1,000 CC.) ENGINE WHILE CZECHOSLOVAKIA WANTED 1,300 CC. ENGINE.

3. OFFICIALS THOUGHT PRIME POSSIBILITIES FOR U.S. AUTOMOTIVE PRODUCERS HERE LAY IN FIELD OF LICENSING AND SALE OF TECHNOLOGY. HOWEVER, CAZ WAS STILL LACKING IN INFORMATION ON U.S. INDUSTRY, DESPITE 1973 TRIP TO U.S. BY SKODA DIRECTOR ZAPADLO. FURTHERMORE, OFFICIALS QUESTIONED WHETHER MAJOR U.S. PRODUCERS WERE MUCH INTERESTED IN LICENSING POSSIBILITIES. ASKED TO SINGLE OUT MOST PROMISING POSSIBILITIES FOR LICENSING, OFFICIALS MENTIONED (A) PASSENGER CAR RADIATORS (WHICH THEY HAD DISCUSSED LAST WEEK IN PARIS WITH FRENCH FIRM CHAUSSON) AND (B) TRUCK TURBOCHARGERS (WHICH THEY HAD DISCUSSED WITH WEST GERMAN FIRM KKK, WHICH ITSELF HAD U.S. LICENSE). OFFICIALS BELIEVED THAT CZECHOSLOVAKIA WOULD SEEK MOST PLANT EQUIPMENT FOR EXPANSION PROGRAM FROM WEST EUROPEAN SUPPLIERS.

4. SUGGEST COMMERCE BRING ABOVE TO ATTENTION OF GENERAL MOTORS AND OTHER APPROPRIATE U.S. FIRMS. INCIDENTALLY, CAZ OFFICIALS SEEMED UNINFORMED ABOUT POSSIBLE TATRA INTEREST IN COOPERATION WITH GM AND/OR OTHER U.S. FIRMS (REFTELS).
WORTZEL

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